

Message Text

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SUBJECT: ANGLO-CUBAN ECONOMIC AGREEMENTS

REF: LONDON 7681

1. WE HAVE DISCUSSED THE ANGLO-CUBAN ECONOMIC AND INDUSTRIAL COOPERATION AGREEMENT THAT WAS SIGNED IN LONDON ON MAY 19 WITH AN OFFICIAL OF THE DEPARTMENT OF TRADE (DENNIS AMY). HE GAVE US THE TEXT, WHICH WE ARE FORWARDING BY AIRGRAM.

2. AMY CONFIRMED WHAT WE WERE TOLD BY AN ECGD SOURCE (REFTEL) ABOUT THE SEPARATE AGREEMENT ON EXPORT CREDIT GUARANTEES, WHICH WAS CONCLUDED AT THE SAME TIME. THIS AGREEMENT CONTAINS NO SPECIFIC FIGURES FOR INTEREST RATES OR DURATION OF LOANS, HE SAID, AND THE BRITISH HAVE NO INTENTION OF ACCORDING CUBA BETTER TERMS THAN IT GIVES TO OTHER CEMA COUNTRIES. AMY EXPECTS THAT FOR LARGE PROJECTS (E.G. 50 MILLION POUNDS) THE INTEREST RATE WOULD PROBABLY BE AROUND THE 7.5 PERCENT LEVEL, AND UP TO 8 PERCENT FOR SMALLER ONES. DURATION OF LOANS WOULD NOT EXCEED 8 AND A HALF YEARS MATURITY.

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3. AMY SAID THAT THE ECONOMIC AND INDUSTRIAL AGREEMENT WITH CUBA IS BROADLY SIMILAR TO THE ONES THAT THE UK HAS WITH OTHER CEMA MEMBERS, ALTHOUGH IT CONTAINS NO REFERENCE TO SCIENCE OR TECHNOLOGY. ITS MAIN BENEFIT, AMY BELIEVES, IS THE ESTABLISHMENT OF A JOINT COMMISSION WHERE ONGOING PROJECTS CAN BE DISCUSSED.

4. AMY DOES NOT EXPECT THAT THE AGREEMENT WILL IN ITSELF CAUSE A SIGNIFICANT INCREASE IN ANGLO-CUBAN TRADE. (BRITISH EXPORTS TO CUBA IN 1974 WERE VALUED AT 56.2 MILLION DOLLARS, IMPORTS AT 47.2 MILLION DOLLARS. SUGAR, WHICH IS PROCESSED IN THE UK AND THEN SHIPPED ABROAD, ACCOUNTS FOR MOST OF THE IMPORTS.) AMY SUGGESTED THAT THE MAIN REASON FOR CONCLUDING AN AGREEMENT WITH CUBA AT THIS TIME WAS A FEAR--NOT NECESSARILY JUSTIFIED--ON THE PART OF BRITISH BUSINESSMEN THAT THEY HAD BEEN PUT AT A DISADVANTAGE BY THE AGREEMENT THAT FRANCE CONCLUDED WITH CUBA EARLIER THIS YEAR.

5. AT THE SAME TIME AS IT CONCLUDED THE ECONOMIC COOPERATION AGREEMENT, THE UK ANNOUNCED A MODEST NEW AID PROGRAM FOR CUBA. ACCORDING TO ODM SOURCE, THIS INVOLVES THE TRAINING OF CUBAN TECHNICIANS IN THE UK, AND POSSIBLY A FEW SMALL TECHNICAL ASSISTANCE PROJECTS IN CUBA. THE AID PROGRAM IS UNLIKELY TO EXCEED 10,000 POUNDS IN THE FIRST YEAR, AND WILL PROBABLY CONTINUE AT THAT GENERAL LEVEL THEREAFTER.

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